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21 March 1957

MEMORANDUM FOR: The Director

FROM: Assistant to the Director

SUBJECT: Possible Investigation by the Senate Internal
Security Subcommittee Affecting the Central
Intelligence Agency

This memorandum contains a recommendation in paragraph 6.

1. It is considered possible that the Senate Internal Security Subcommittee, in the course of investigating what it calls "Policy Perversion," may become interested in the influence on the development of US foreign policy in the Far East of intelligence disseminated by the Central Intelligence Agency, particularly during the years 1948-1950. Among reasons for believing this to be a possibility are:

a. The logic of the Committee's approach to the problem of "Policy Perversion" as outlined in paragraphs 2 and 3 below.

b. Statements that may be made by or others if they are called before the Committee in connection with their alleged reports on the Far Eastern situation during 1948-1950.

c. The tenor of Admiral Cooke's testimony before the Committee in 1956, especially when considered in relation to Cooke's publicly expressed dissatisfaction with CIA.

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d. The circumstance that [] participated in the preparation of some CIA Far Eastern estimates during 1948-1950. (See the Committee's 1956 Report, p. 192, where [] is mentioned in connection with [] and others.)

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2. Section XI of the 1956 report of the Senate Internal Security Subcommittee to the Committee on the Judiciary, dated December 31, 1956, is concerned with what the Committee calls: "impressive evidence of persons now working in the Government and persons who have worked in the Government undermining declared policies of the United States." (p. 187) Of such persons, Congressman Walter Judd says in testimony: "They are clever, and their real danger is their ability, at the lower echelons, to write position papers, which come up to their superiors and become policy papers. Then those policy papers, go to the action agencies like the State Department, the Pentagon, and the National Security Council. If you allow me to write the papers on which my superiors make their decisions, I think I could have a good deal to say about what my superiors will think." (p. 188)

3. That the Internal Security Subcommittee might pursue its investigations of "Policy Perversion" into the field of intelligence is indicated clearly in its 1956 report in such passages as, for example:

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"Mr. Morris. Do you think that a committee such as the Internal Security Subcommittee should look into who has been writing for years the directives that make the policies?

"Mr. Judd. I think that is where pay dirt is to be found, Sir." (p. 195)

And again:

"Mr. Morris. Admiral Cooke, to your knowledge, has anything been done to correct the defective intelligence situation which you have described today?

(Admiral Cooke then mentions the Clark and Killian committees and that the latter did not accept his offer to "bear witness to some very serious failures in intelligence that had caused great harm to the United States," thus, according to Cooke, indicating "that the Killian Commission is not interested in hearing what I have to say."

4. Testimony furnished by Congressman Judd of Minnesota; Mr. Angus Ward, former American Consul at Mukden; and Admiral Charles Maynard Cooke, former commander of the US 7th Fleet (pp. 189-206) suggests that the Committee may pursue its investigations into Far Eastern intelligence of 1948-1950, including, for example, intelligence reports having to do with: (a) alleged Nationalist military weaknesses during the Chinese civil war of 1946-1949 (e.g. Mr. Ward's testimony, pp. 189-190); (b) the allegedly imminent

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fall of Formosa in 1949-1950 (e.g. Admiral Cooke's testimony, pp. 198-205); and (c) the theory that the fall of Hainan Island to the Communists in April 1950 resulted from a "discreditable performance" by Nationalist troops. (e.g. Admiral Cooke's testimony pp. 201-203).

5. During 1948-1950, the Central Intelligence Agency produced many reports and estimates having to do with the Far East, including material touching on all the subjects listed above. The following are examples:

a. "Possible Developments in China" published 19 November 1948. This estimate states that: "The disappearance of the Chinese National Government, as presently constituted, will probably occur within the next few months," and mentions in support of this statement that: "The National Government, consistently inept in its conduct of military operations, exclusive in its attitude toward more dynamic political forces in non-Communist China, largely incompetent and corrupt, has proved incapable of dealing with either the economic and social problems in China or the Communist military insurrection...." (The Intelligence organizations of the Departments of State, Army, Navy, and the Air Force concurred in this estimate.)

b. "Probable Developments in China," published 16 June, 1949. This estimate predicted that a Communist victory in the Civil War would be complete by the end of 1949, and that: "The US cannot reverse or significantly check this course of events...." As to Taiwan, this

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estimate stated that the Communists were not equipped to capture the island "at the present time" (that is, June 1949) but that "in the next few months" they would be in a better position to do so. The estimate adds, with respect to this topic: "US economic and military aid, short of armed intervention would probably not significantly assist the Nationalists in holding Taiwan any more than such aid has helped the Nationalist cause on the mainland of China." (The Departments of Army, Navy, and the Air Force concurred in the above. The Department of State dissented on grounds that: "the implications of the anticipated desire of a Communist China for international recognition" were oversimplified in view of: "important policy decisions inevitably involved in the present Chinese situation." In spite of the official Navy concurrence, this estimate reportedly elicited an independent rejoinder from Admiral O. C. Badger, then in command of US Naval forces in the Far East.)

c. "Probable Developments in Taiwan" (IM-273) dated 26 January 1950. This memorandum stated as its "conclusion" that: "No Chinese Nationalist regime on Taiwan will effect political and military adjustments sufficiently realistic to make possible a successful defense of Taiwan...." and that the Chinese Communists possessed: "the capability for carrying out their frequently expressed intention of seizing Taiwan during 1950." (Generals Irwin for the

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Army and Cabell for the Air Force wrote memoranda in which they expressed dissent in this estimate, the former because he thought the memorandum conveyed "a misleading impression regarding actual conditions on Taiwan; the latter because he thought Communist operations against Taiwan would be delayed "until late in 1950 or early 1951."

d. "Probable Developments in Taiwan," published 20 March 1950. This estimate repeats the conclusions of the above memorandum except that it is more specific in saying that the fall of Taiwan will "probably" take place "during the period June-December" (1950). (Army, Navy, and Air Force all dissented on this estimate, the first two on grounds that CIA had "overemphasized" and "misinterpreted" intelligence regarding the internal weakness of the National government and the situation on Taiwan; the third because it considered CIA's timing of the predicted Communist attack premature.)

e. "A Reappraisal of OTE 7-50, "Probable Developments in Taiwan" (IM 292) dated 11 May 1950. This memorandum confirms the conclusions reached in the 20 March estimate and adds, among other things: "However, the rapidity of the Communist conquest of Hainan Island during the latter half of April, and the ineffectiveness of the Nationalist land, air, and sea defense of that island indicates that the reported improvement in the Nationalist military situation was more apparent than real, and strengthens the view that Nationalist military weaknesses are deep-seated and permanent."

(This memorandum was "not coordinated" with State, Army, Navy, or

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6. Recommendation. It is recommended that the possibility of an investigation by the Senate Internal Security Subcommittee, particularly regarding CIA's Far Eastern intelligence of 1948-1950, be kept in mind by anyone who may be concerned with planning against Congressional investigations of CIA.

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